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MACROECONOMIC POLICY QUESTIONS: FINANCING OF DEVELOPMENT

Philippines*: draft resolution

Global financial integration: challenges and opportunities

The General Assembly,

Reaffirming its resolutions S-18/3 of 1 May 1990, the annex of which contains the Declaration on International Economic Cooperation, in particular the Revitalization of Economic Growth and Development of the Developing Countries, and 45/199 of 21 December 1990, entitled "International Development Strategy for the Fourth United Nations Development Decade", the annex to which contains the International Development Strategy for the Fourth United Nations Development Decade,

Stressing its resolution 49/93 of 19 December 1994 on net flows and transfer of resources between developing and developed countries,

Recognizing that the international community has a responsibility to give strong support to the efforts of the developing countries to solve their grave economic and social problems through the creation of a favourable international economic environment,

Noting that the process of economic growth, in a few developing countries, has been positively affected by the recent increase in international private capital flows,

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* On behalf of the States Members of the United Nations that are members of the Group of 77 and China.

Stressing that the majority of developing countries, in particular the least developed countries, especially in Africa, have not benefited from those capital flows despite their efforts to create a more favourable national framework,

Expressing concern, within such a context, at the persistent decline in the levels of official development assistance to developing countries,

Expressing concern also that a significant number of developing countries have become more vulnerable to the volatile fluctuations of private capital flows in international financial markets,

Noting the necessity for creating favourable conditions for ensuring international stability in private capital flows in the medium and long terms, in particular for the development of developing countries,

Aware of the role of the International Monetary Fund in the promotion of a stable international financial environment conducive to economic growth and taking into account the need to preserve and enhance the relationship and agreements between the United Nations and the Fund,

1. Stresses that global financial integration presents new challenges and opportunities for the international community and that it should be placed at the forefront of the dialogue between the United Nations system and the Bretton Woods institutions;

2. Underscores the need for encouragement of private flows to developing countries while reducing the systemic risk of volatility, particularly in portfolio flows;

3. Emphasizes the need to broaden appropriate cooperation among monetary and financial authorities and institutions, so as to encourage the establishment of preventive consultations between such institutions as a means of promoting a stable international financial environment conducive to economic growth, particularly in developing countries;

4. Also emphasizes the importance of enlarging the scope of the coordination of macroeconomic policies within the United Nations system, taking into account the needs of developing countries as well as situations that may have a significant impact upon the international financial system;

5. Reiterates the need for actions aimed at broadening and strengthening the participation of developing countries in the international economic decision-making process;

6. Recognizes the need for a stronger and central role for the International Monetary Fund in surveillance, in particular of industrialized countries, with a view to enhancing transparency and predictability in international financial markets and promoting economic growth;

7. Reaffirms the objective of promoting greater transparency, openness and enhanced participation by developing countries in the work of the International Monetary Fund, and, within this context and to this end, recognizes the important contribution that the United Nations can provide;

8. Requests the Secretary-General to report to the General Assembly, at its fifty-first session, through the Economic and Social Council, in cooperation with the Bretton Woods institutions and the United Nations Conference on Trade and Development, on the question of the globalization of private capital flows including its effects on developing countries, on necessary measures and suggestions for promoting a stable financial environment conducive to sustained economic growth, and on the implementation of the present resolution.